

EXHIBIT 9

Funds for Terrorists Traced To Persian Gulf Businessmen

By JEFF GERTH and JUDITH MILLER

WASHINGTON, Aug. 13 — Much of the financial support for terrorists who attack Americans, Israelis and others sympathetic to the West comes from wealthy individuals from Saudi Arabia and other Persian Gulf countries allied with the United States, former and current American officials say.

Over the last decade, the United States has focused its anti-terrorism efforts on state sponsors of terrorism, forbidding trade with countries like Libya and Iran. But officials said the emergence of sophisticated, privately financed networks of terrorists posed a new and even thornier set of diplomatic and legal challenges for Western governments.

American officials suspect that businessmen in Saudi Arabia, Qatar and the United Arab Emirates helped finance the operations of Ramzi Ahmed Yousef, who has been charged with masterminding the World Trade Center bombing in February 1993 and a plot to blow up 11 American airliners.

And American intelligence agencies are closely examining the activities of Osama Bin Laden, the scion of a wealthy Saudi family stripped of his Saudi citizenship in 1994 who finances a host of hard-line groups from Egypt to Algeria.

Officials in several countries, including the United States, say Mr. Bin Laden's money, as well as money he has raised, paid for terrorist

acts in Europe, Africa and the Middle East against Americans and other Westerners.

The State Department, in a detailed document made public this year, called Mr. Bin Laden "one of the most significant financial sponsors of Islamic extremist activities

TERROR MONEY

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in the world." It linked him to terrorist training camps in Afghanistan and the Sudan and said he supported a group that tried to bomb American servicemen in Yemen in 1992.

In the three years before he was charged in the World Trade Center case, Mr. Yousef lived in a Pakistan guest house paid for by Mr. Bin Laden, according to the document. And the Saudi militants who killed five Americans last November in Riyadh said in their confessions that they had been influenced by Mr. Bin Laden's thinking.

Mr. Bin Laden, in interviews with

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Funds for Terror Traced to Businessmen in U.S.-Allied Gulf States

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other reporters, has denied any involvement in terrorism, but he could not be reached for comment today. Khaled al-Fauwaz, a spokesman for the Advice and Reformation Committee in London with which Mr. Bin Laden is associated, said he was "proud" to be his friend, and described the charges of supporting terrorism as "rubbish."

"There is no evidence I know of to support such charges," Mr. Fauwaz said.

The State Department's latest annual report on global terrorism touches briefly on the role played by individual financiers. But Philip C. Wilcox Jr., the head of the State Department's counterterrorism office, which prepared the report, recently told Congress that Hamas and Islamic Holy War — two Palestinian fundamentalist groups based in the Middle East — receive significant support from individuals in the Persian Gulf as well as in the United States.

Some contributors, Mr. Wilcox added, believe that they are underwriting legitimate charitable organizations. Others, he said, give money to radical groups knowingly through secret channels.

The bombing in Riyadh last year that killed five Americans and truck bomb attack this year on an apartment complex in Dhahran that killed 19 Americans have prompted Saudi Arabia and the United States to intensify their scrutiny of private backing of terrorism.

But the issue is delicate for both countries. In Islam, the line between giving to religious, as opposed to political, causes is often blurred.

For Muslims, giving to Islamic causes is part of a believer's religious duty. So while some supporters of Islamic-financed terrorism do so knowingly, many whose religious charity winds up in violent hands are unaware of what is done with their money.

While Americans may see aid for anti-

NEW EVIDENCE AT TERRORISM TRIAL

In the trial of Ramzi Ahmed Yousef in New York, prosecutors introduced bomb-making instructions and a letter threatening to poison Philippine air and water. Page B4.

intelligence standpoint," said Larry C. Johnson, a former State Department counterterrorism official.

Mr. Johnson, now a counterterrorism consultant, said the barriers between intelligence agencies and prosecutors — which have been eased in drug trafficking cases — loom large when it comes to bringing charges against terrorists. Intelligence on terrorist groups is particularly hard to come by, and the agencies are reluctant to risk sources who might warn of attacks against Americans.

Senator Orrin G. Hatch, the Utah Republican who heads the Judiciary Committee, says he is considering legislation that would insure better cooperation between intelligence and law enforcement officials, possibly by creating a special board.

"There has to be a way to do this better," Mr. Hatch said.

The Defendant

Tracing Money To Saudi Backers

In a nearly empty New York court room sits Mr. Yousef, a slender, well-groomed 28-year-old Pakistani national who is now on trial on charges of plotting to blow up American jetliners around the world. The charges against him in the World Trade Center bombing have been separated for a later trial.

Mr. Yousef is the focus of intensive investigations into terrorist activities in some five countries. Efforts to map out his bases of support have led investigators to the Persian Gulf, only to find that the financial trail suddenly vanishes into untraceable telephone numbers, cash-carrying couriers and layers of business and religious insulation.

He operated from Manila for several months, and investigators there obtained a videotape from a local hotel that showed a meeting between one of Mr. Yousef's accomplices and a courier whose trip, investigators said, originated in Saudi Arabia. At the meeting, apparently photographed without the knowledge of either party, the courier handed Mr. Yousef's accomplice a packet that investigators believe contained money.

Investigators were startled to learn that the courier was traveling with an Saudi special passport. Such passports are used by both Saudi diplomats and well-placed individuals, and the courier's identity remains unknown. There is no evidence that he was a Saudi official, American officials said.

In the Philippines, wealthy Saudi Arabians were also primary financial backers of Muslim separatists who, in turn, supported Mr. Yousef, according to Mr. Johnson, the anti-terrorism expert, and Government officials. Some of that money was transferred electronically to the Philippines from banks in Europe, investigators added.

A case last year in Federal immigration court involving one such Saudi financial supporter of Muslim separatists in the Philippines illustrates the challenges in distinguishing between legitimate religious advocacy and terrorism under Islamic cover.

Mohammed J. A. Khalifah, a Saudi, was detained by the Federal immigration authorities in San Francisco in December 1994, two weeks after he had entered the United States on a visa issued by the American Embassy in Jidda, Saudi Arabia.

Mr. Khalifah had been sentenced to death in Jordan, in absentia, on the basis of charges that he had conspired to commit terrorist acts as part of an organization established, among other things, "to fight Jews and Americans," according to court records filed in the American deportation proceedings.

According to the American records, Mr. Khalifah was charged in Jordan with having trained one of the organization's founders at a camp in the Philippines. The Jordanian indictment said he had agreed to finance the organization, whose activities included bombing movie theatres in Jordan.

One piece of evidence at issue in the Justice Department's effort to deport Mr. Khalifah to Jordan was a manual found in his possession that describes how to build bombs and incendiary devices. In his defense, Mr. Khalifah submitted a letter from the director of an Islamic school that he helped finance in the Philippines explaining that Mr. Khalifah's possession of the manual was "innocent," court records show.

In his defense, Mr. Khalifah cited his membership and participation in the International Islamic Relief Organization, a Saudi Government-financed charity. The group has acknowledged giving money to Hamas, a militant Islamic Palestinian group that is on the State Department's terrorist list. Although

terrorism, officials and the State Department say, ranges from electronic intercepts of conversations to bank transfers to confessions by terrorists. As a result, several countries have put Mr. Bin Laden on their watch lists, meaning that they will deny him a visa if he applies for one.

Among the terrorist operations and groups linked by government officials to Mr. Bin Laden are these:

¶The killing of Western tourists in Egypt and of Egyptian officials by the Islamic Group, an organization whose members seek to overthrow the Government of Hosni Mubarak.

¶Several bombings in France by extremist Islamic Algerians who oppose French ties to Algeria.

¶Two hotel bombs in Yemen in 1992 that killed two Australians but were presumably aimed at American soldiers stationed there as part of the American operation in Somalia. Yemen sought help from an international police agency in an unsuccessful effort to apprehend Mr. Bin Laden.

¶Terrorist training camps in the Sudan and Afghanistan that train extremists from several North African nations.

¶Saudi opposition groups in London. Also, Mr. Yousef spent most of his time in Pakistan in a guest house financed by Mr. Bin Laden.

Such activities put him at odds with official Saudi and American interests. In typical Saudi style, the Saudis allowed the family to try to rein in their errant son themselves. When this failed, Saudi Arabia took the unusual step of stripping him of his citizenship. American officials believed that the Saudis should have moved sooner, one official said.

Investigators are now trying to track the movement of money through Mr. Bin Laden's financial empire of more than 60 companies, some in the West, by employing some of the same techniques used to analyze laundering of drug money.

They are focusing on ties between terrorist groups that operate in Europe and European businesses controlled by Mr. Bin Laden.

But Mr. Bin Laden told Time magazine this year that the training camps he finances had been set up to help Afghans and that he could not be held responsible for what happens after people leave the camps.

The Counteraction

Pressure by U.S.; Changes by Saudis

The United States has pressed American allies, and even countries on the terrorist list like Syria and Sudan, to expel and keep out people like Mr. Bin Laden. In addition, the United States has stepped up its intelligence sharing with countries like Saudi Arabia on the financing of terror.

The Persian Gulf war prompted Saudi Arabia to re-examine the activities of wealthy philanthropists. In 1991, according to Saudis close to the royal family, King Fahd summoned leaders of the kingdom's wealthiest families to urge them to be more careful in their charitable donations. Most, but not all, readily agreed and urged the King to provide specific guidance, according to an Arab official.

In 1992, the Saudis, at Egypt's request, severed aid to the Afghan border camps in Pakistan and helped persuade the Pakistani Government to close many of those camps, breeding grounds for the militant Islamists plaguing Egypt and other Arab allies.

A year later, the Saudis issued a royal decree banning the collection of money in the kingdom for charitable causes without official permission. And in 1994, King Fahd set up a Supreme Council of Islamic Affairs, headed by his brother Prince Sultan, the Defense Minister, to centralize and supervise aid requests from Islamic groups.

But during a meeting last year with Arab Interior Ministers, Prince Nayef, the Saudi Interior Minister, said publicly that although Riyadh had stopped financing militant Islamic groups, individual Saudis were still helping them without the "knowledge or consent of the Government."

American officials have sometimes been reluctant to demand that the Saudis take stronger action to stop such private financing. A series of Administrations have viewed Saudi Arabia as the bulwark of their policy toward the Middle East and have called on the kingdom to aid causes as varied as the Afghan rebels in the 1980's and the Bosnian Government in recent years.

Other American officials called the Saudi-American frictions a result of efforts to forge a new relationship, an effort invariably fraught with tension. "The C.I.A. has long had ties to Middle Eastern intelligence services and law enforcement agencies," an American official said. "The F.B.I. does not. They're trying to build something new now, and they are not as well equipped to do that — and neither are the Saudis."

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Associated Press

Ramzi Ahmed Yousef, who has been charged with plotting the bombing of the World Trade Center, in a 1993 photo.

Communist Afghan Muslims or Bosnian Government soldiers as moral, as opposed to support for Islamic Holy War and Hamas, "in Islamic terms, it's all defensive and hence moral," a Saudi businessman said.

A Saudi businessman tried last year in Jordan on charges of financially supporting terrorism made that defense, arguing that neither he nor the religious school he financed in the Philippines was involved in terrorism. He was acquitted.

Identifying and taking action against individuals who support terrorist groups is much more complicated than moving against rogue states, American officials said.

The United States can ban suspicious visitors relatively easily. But seizing an individual's assets, a key tool in the war against drug traffickers, requires legal proof that is usually unavailable to those trying to combat terrorism.

The biggest obstacle to legal action, according to counterterrorist experts in and outside the Government, is the reluctance of intelligence agencies to share their information with other countries or law enforcement officials.

Much of the information about financing terrorists is gathered through electronic eavesdropping or by covert operatives with ties to the groups. The data are among the Government's most closely guarded secrets, and intelligence agencies have historically balked at making it public or even providing it to prosecutors.

"The ability of extremely wealthy individuals to bankroll mercenaries for their own end is a relatively new development and one we're not well equipped to deal with from an

Mr. Khalifah was deported to Jordan and retried there on terrorism charges, he was acquitted. He is now in Saudi Arabia.

His lawyer, Marc Van Der Hout, said the American deportation case against his client was based on "guilt by association," but those ties keep investigators interested in him: Mr. Khalifah is Mr. Bin Laden's brother-in-law. An investigator said Mr. Bin Laden visited the Philippines in the early 1990's and met with Government officials who believed that he was an investor eager to help fellow Muslims in the country's south.

The Patron

Links to a Range Of Terror Operations

Of all the private financial sources in the Persian Gulf whose Islamic charity has wound up financing violence and terror, Mr. Bin Laden has long been regarded as such groups' most committed patron.

For years, he was seen in the kingdom as a well-intentioned, zealous believer who wished to promote Islam everywhere. He comes from one of the kingdom's wealthiest families. One of 20 sons, Mr. Bin Laden was quick to give money to any and all Islamic causes.

In 1979, he became deeply involved in the "jihad," or holy Islamic war, against the

Soviets in Afghanistan, the State Department says. According to Saudi associates, Mr. Bin Laden, though suspicious of America because of its staunch support for Israel, did not object to Washington's help in expelling the Russians. But when King Fahd invited American soldiers to the kingdom during the Persian Gulf crisis in 1990, he was appalled, arguing that the kingdom could and should defend itself.

At about this time, he parted ways with his relatives and took with him tens of millions of dollars. Some estimates put his fortune at more than \$250 million.

After the Persian Gulf war in 1991, Mr. Bin Laden moved to the Sudan, where a significant part of his investments remain, and stepped up his financing of anti-American Islamic groups. Those groups have legitimate fronts, say a school or a mosque, but much of the money winds up being siphoned off to back illegitimate or violent activities, according to investigators.

Mr. Bin Laden not only donates his own money to these organizations, but he also solicits contributions from religious businessmen and Islamic leaders who have accumulated their own wealth, the officials added.

Senator Hatch said that Mr. Bin Laden had ties to terrorism-sponsoring states like Iran, Syria and the Sudan and that one of his groups was represented at what officials suspect was a terrorist planning conference in Teheran, the Iranian capital, in June. The evidence of Mr. Bin Laden's involvement in